U.S. ARMY AVIATION AND TROOP COMMAND
PROGRAM EXECUTIVE OFFICE, AVIATION

VE TIMES

VALUE ENGINEERING NEWSLETTER

FISCAL YEAR 1997: FIRST QUARTER

TWO AWARDED $25,000

Jon F. Evans and Susan Nuckols, PEO, Aviation were awarded $25,000 by the Department of the Army for their Value Engineering Proposal to upgrade the APACHE Cockpit, Weapons, and Emergency Procedures Trainer (CWEPT) instead of buying new Combat Mission Simulators (CMS).

VE CONTRIBUTORS RECOGNIZED

On 3 December 1996 the ATCOM VE Office hosted a VE Appreciation Day in honor of individuals who contributed to the success of the ATCOM VE Program. Individuals were recognized for their contributions toward the combined ATCOM/PEO, Aviation goal of $31.5 million. Actual savings achieved were $64.1 million or 203% of the goal.

Opening comments by **MG Emmitt E. Gibson** reinforced the importance of a strong VE program in a time of decreasing budgets. Personal congratulations were offered by **MG Gibson** to all award recipients in attendance.

Ali Baziari, Stewart Chen, Kent Fuqua, Richard Harper, and **Richard Hazlewood** were recognized for submitting successfully executed Value Engineering Proposals (VEPs).

Robert Banks, Directorate for Systems and Cost Analysis, was recognized for his timely efforts in the preparation of economic analyses and validation of savings for the VE Program.

Ray Crouse, Chief, Logistics Assistance Branch, Europe, was recognized for his Branch's VE initiatives which resulted in reducing the operating and support costs of their FORSCOM customers.

Lanae Benoist, Alleen Miller, and **Mitchelene Pryor-Betts,** Logistics Plans and Programs Division, Materiel Management Directorate, were recognized for the successful planning and execution of VE projects.

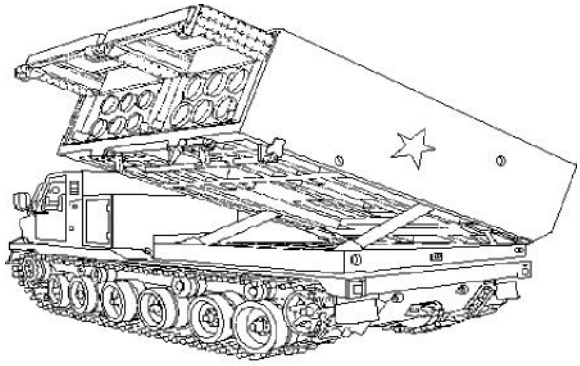
A team of Liaison Engineers, Maintenance Engineering Division, were recognized for their efforts resulting in $37.1 million in FY96 savings to customers. The Liaison Engineers prevented the unnecessary return of parts for depot repair by analyzing the capabilities of the AVIM units and authorizing the necessary repairs in-house. The team consisted of
Art Ather for his effort in Bosnia, **Ray Boland** stationed at Fort Hood, **Keith Clancey** stationed at Fort Rucker, **John Glaeser** stationed at Fort Bragg**, Larry Hoffman** stationed in Germany, and **Clark Lemons** stationed at Fort Campbell.

The APACHE Integrated Process Team (IPT) was recognized for its efforts to accomplish ten contractual actions for the VE/Operating and Support Cost Reduction (OSCR) Programs in less than six months. The APACHE IPT was headed by **LTC Larry Thomas, Jr.,** APACHE Attack helicopter PM, and consisted of members throughout the ATCOM and PEO, Aviation community. The technical aspects of the projects requiring contractual actions were addressed by **Fred Banks, Karl Carter, John Gaffney, Dave Giratos, Gregg Hawickhorst, Jim Lambert, Craig Maurice, Larry Moosman, and Tom Witte**. The projects were placed on contract by the APACHE IPT members from the Acquisition Center. Acquisition Team members were **Mike Bond, Debra Dobbins, Laura Hart, Joanne Kennedy, Susan Pollman, Deborah Rumpf, Jill Schroeder,** and **Deborah Wagener**. The dedication and leadership of the APACHE IPT will result in an annual Operating and Support savings of $2.8 million.

The ceremony concluded with the presentation of a Value Engineering Achievement Award to the PEO, Aviation from the U.S. Army Materiel Command.

PEO, Aviation was recognized for its outstanding achievements in VE and the proactive encouragement of contractor VE Partnerships. The award was accepted by **COL Edwin Goosen** on behalf of the PEO, Aviation.

The ATCOM VE Office periodically conducts award ceremonies to recognize outstanding contributions to the VE Program. **For FY96, a total of $25,110 was awarded to individuals who submitted successful VEPs.** In all, 40 ATCOM/PEO Aviation personnel received recognition in FY96 for their contributions to the VE Program.



Multiple Launch Rocket System

ATCOM SUPPORTS MICOM VE PROGRAM

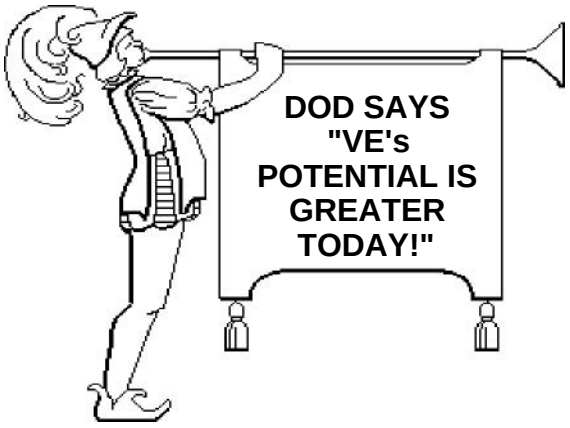
On 3 - 4 December 1996, ATCOM conducted a Two (2) Day VE Workshop at the U.S Army Missile Command (MICOM), Huntsville, Alabama. The process value engineered was the air transportation of the M270A1 Multiple Launch Rocket System (MLRS). The M270A1 is an improved version of the present M270. The workshop was so successful that the MICOM VE Office has requested the ATCOM VE Office conduct another VE study on one of their new missile systems.

DOD VE SYMPOSIUM

The Department of Defense (DOD), SAVE International, and the Value Management Group of the Electronics Industries Association (EIA) are assembling a top flight program for a meeting called "Value Engineering As A Program Survival Tool"
at the Sheraton National Hotel in Washington, DC on 25 - 26 March 1997.

The keynote speaker is **Dr. Paul Kaminski**, DOD Under Secretary for Acquisition and Technology. The tentative luncheon speaker is **Senator Carl Levin**, Michigan Democrat. **John Phillips, MG, USAF (Ret.),** DOD Deputy Under Secretary for Logistics, will speak on 25 March at 9:00 AM about "Reducing Life-Cycle Costs Through VE".

The objective of the symposium is to: underline VE's vast potential; explain VE's many areas of application beyond manufacturing and construction; update those Executive Branches, Departments and Agencies now under-utilizing VE's versatility; and report on the Office of Management and Budget's (OMB) integration efforts to meld VE into the latest Government initiatives. These initiatives include: the Government Performance and Results Act; the Federal Acquisition Streamlining Act; the Federal Acquisition Reform Act; the Information Technology Management Reform Act; OMB Circular A-11, Part 3, Planning, Budgeting, and Acquisition of Fixed Assets; OMB Circular A-131, Value Engineering; and the embryonic Capital Programming Guide.



PERFORMANCE-BASED SPECIFICATIONS AND VALUE ENGINEERING

Question: What contribution can VE make when DOD requires that new systems be acquired using performance-based specifications?

Answer: In DOD's opinion, instead of decreasing, the potential contributions to be made by VE are increasing as evidenced by the subjects to be addressed at the March 1997 Symposium. Some specific reasons are

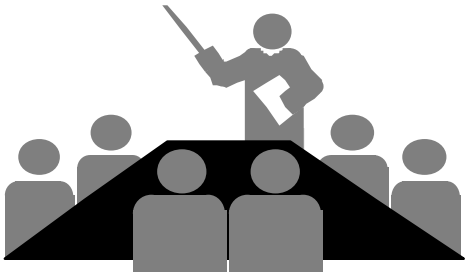
- The emphasis is on reducing life cycle costs. It is estimated that Operating and Support (O&S) costs comprise 72% of life cycle costs. For Force Mod aircraft, O&S costs are almost 100% because we aren't buying many new aircraft. So this is where the majority of our VE effort is now being placed, i.e., how can we reduce the O&S costs of our systems?

- VE Proposals (VEPs) submitted by Government personnel save five times that of VE Change Proposals (VECPs) submitted by contractors. Government personnel can value engineer any process within the Government; it is not limited to a piece of hardware, i.e., use the VE methodology to investigate everything to determine the best way to accomplish that which must be accomplished at the lowest practical life cycle cost. A contractor can value engineer only that which is contractually defined. A performance specification is contractually defined. As technology advances and/or mission requirements change, performance requirements change. These present VE opportunities to the contractor and the Government.

- VE can be applied throughout the life cycle of any process. However, the greatest return on investment is in the Concept Development Phase. For example, the VE methodology should be used to define a weapon system's combat mission. Next, use the VE methodology to define the performance specifications required to accomplish the mission. Then use the VE methodology to define how the weapon system will be operated and supported throughout its life cycle. It is far easier and costs less to design it right than to design it over. But, even if VE is used in the Concept Phase, a weapon system must be value engineered throughout its life cycle; mission and technology will change.

- VE Partnerships should be established between the Government and contractors to bring the talents of all "stakeholders" to bear on the task of providing the best weapons systems at the lowest practical life cycle costs.

VE TRAINING



Training available for ATCOM, PEO, AVN and their contractors.

- Principles of VE:
  4 - 5 March, 9 - 10 April and
  4 - 5 June 1997
- Contractual Aspects of VE:
  3 - 7 March 1997